Good morning, my name is Marie Lenane and I am a Purchase of Service Pricing Analyst at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to 101 CMR 430.00: Rates for Program of Assertive Community Treatment Services (PACT) that will establish rates for the Program of Assertive Community Treatment, to be purchased by the Department of Mental Health (DMH). PACT is a comprehensive service model for individuals with serious mental illness who may benefit from intensive coordinated services and who have not responded well to program- or office-based interventions. PACT services include outreach, engagement, rehabilitation, clinical, health-related and recovery-based interventions, and support. The Forensic PACT program is designed to serve clients with current involvement with or a history of repetitive involvement with the criminal justice system.

Amendments to this regulation are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the Secretary of EOHHS to establish by regulation rates of payment for social services that are reasonable and adequate to meet the costs incurred by efficient and economically operated social service providers.

In accordance with this statutory requirement, the rates in 101 CMR 430.00 are being updated to include an increase by a cost adjustment factor (CAF) of 2.00 %. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2020 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2021 second quarter) and the prospective period of fiscal years 2022 and 2023. The rates for DMH's PACT services

have been updated to incorporate an employer and employee contribution required by the Massachusetts paid family and medical leave law. As part of the workforce initiative, staff salaries, with the exception of the program management positions, have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) median wages for 2017/2018. The management salaries have been benchmarked to the FY19 Uniform Financial Statements and Independent Auditor's Reports (UFRs) weighted average for management positions. The programmatic expenses have also been benchmarked to the FY19 UFR. The tax and fringe rate has been benchmarked to 22.40% and the administrative allocation has been benchmarked to 12%. Finally, the separate workforce initiative rate has been removed from the regulation because the workforce initiative goal of the rate review has been met with the incorporation of BLS benchmarking into the rates.

The proposed regulation contains rates effective for dates of service on or after July 1, 2021.

The proposed amendments to the PACT services for DMH result in an overall increase in state spending of 4.10% or \$574K from FY20 spending of \$14.9M. The proposed amendments to the PACT services for MassHealth result in an overall increase in state spending of 3.86% or \$167K from FY21 projected spending of \$4.3M.

This concludes my testimony. Thank you.